

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY SOFIA

C O N F I D E N T I A L STATE 139640

FOR AMBASSADOR GARTHOFF FROM ANDREWS

E.O. 11652: GDS

TAGS: OGEN

SUBJECT: OFFICIAL-INFORMAL

1. CHARLIE MAGEE CALLED US AND REQUESTED THAT WE PASS THE FOLLOWING MESSAGE TO YOU: ALEX IS TAKING A SIX-WEEK SUMMER GRADUATE COURSE AND EXPECTS TO COME TO SOFIA FIRST WEEK IN JULY. VERA'S FATHER IS FEELING MUCH BETTER. PLEASE TELL MAIDEH ALL WENT WELL WITH MY TRIP, AND MAYA AND I ARE FLYING TO DETROIT THIS EVENING. END OF MESSAGE

2. BONDHOLDERS NEGOTIATIONS - THE BOND NEGOTIATIONS WITH THE BULGARIANS HAVE GONE VERY WELL. DAVID PAYNE TOLD US JUNE 1 THAT THE BULGARIANS "HAD DONE THEIR HOMEWORK". BOTH SIDES HAVE AGREED TO FOLLOW CLOSELY SOME OF THE TERMS OF THE ROMANIAN SETTLEMENT. THIS MEANS THAT BULGARIA WILL MAKE A TEMPORARY OFFER, OPEN FOR ONE YEAR, TO PAY TWO AND ONE HALF PERCENT INTEREST ON THE PRINCIPAL AMOUNT OF OUTSTANDING
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BONDS. A FINAL SETTLEMENT WILL BE NEGOTIATED AT THE END OF THE ONE YEAR PERIOD. THE FINAL OFFER WILL BE MADE ONLY TO THOSE BONDHOLDERS WHO ACCEPTED THE TEMPORARY OFFER. FBPC HAS MADE IT CLEAR TO THE BULGARIAN SIDE THAT IT WILL NOT ACCEPT A FINAL OFFER LESS THAN FORTY PERCENT OF THE OUTSTANDING PRINCIPAL AMOUNT -- I.E., THE SAME FINAL SETTLEMENT

AGREED TO BY ROMANIA. THE BULGARIAN DELEGATION SAYS IT CANNOT DISCUSS THE FINAL SETTLEMENT UNTIL IT HAS A BETTER IDEA OF THE AMOUNT OF BONDS OUTSTANDING. PAYNE SAID THE TWO SIDES WILL PROBABLY SIGN AN AGREEMENT AT A WRAP-UP SESSION ON JUNE 2. WE WILL SEND A MORE COMPLETE REPORT TOMORROW AFTER THE FINAL MEETINGS.

3. STATUS OF ECONOMIC COUNCIL MEETING - HASFURTHER AT THE US CHAMBER OF COMMERCE TOLD GEORGE BOUTIN ON JUNE 1 THAT HE EXPECTS THAT THERE WILL BE A MEETING OF THE BULGARIAN-US ECONOMIC COUNCIL IN SOFIA SEPTEMBER 1 AND 2. HASFURTHER HAS WRITTEN TO ALL THE COUNCIL MEMBERS ASKING WHETHER THEY WOULD BE PREPARED TO ATTEND SUCH A MEETING. MANY MEMBERS HAVE NOT RESPONDED. THOSE WHO HAVE AGREED TO PARTICIPATE HAVE DONE SO WITHOUT ENTHUSIASM. SEVERAL MEMBERS SAID THAT THEY DID NOT WANT TO PARTICIPATE MERELY TO LISTEN TO SPEECHES ABOUT THE ABSENCE OF MFN. THEY WANT TO TALK PROJECTS. HASFURTHER AND MAY, CHAIRMAN OF THE US SIDE, WILL MEET WITH AMBASSADOR GRIGOROV AND COMMERCIAL COUNSELOR GOPODINOV FOR MORE DISCUSSIONS ON JUNE 16. IN THE MEANTIME HASFURTHER HAS ASKED WHETHER THE EMBASSY COULD PROD THE BULGARIANS TO SHOW MORE INTEREST IN THE COUNCIL. HASFURTHER WROTE TO TOROMANOV SEVERAL MONTHS AGO AND HAS HAD NO REPLY YET.

4. MESSAGE FOR BILL LUERS - ON THE DEMARCHE TO THE POLISH
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AMBASSADOR ON DIVIDED FAMILIES, AFTER SOME DIFFICULTIES WITH S/P, AS YOU CAN WELL IMAGINE, WE FINALLY GOT TONY LAKE TO AGREE THIS AFTERNOON TO HAVING GEORGE VEST DO IT INFORMALLY. HA ALSO AGREED TO THE CHANGE IN TACTICS. ON THE ASSUMPTION THE DEPUTY SECRETARY WILL NOW APPROVE THE ACTION MEMO (RATHER THAN THE SECRETARY, WHOM WE ALL AGREE DOES NOT NEED TO SEE IT), IT LOOKS LIKE GEORGE WILL TALK TO SPASOWSKI NEXT MONDAY OR TUESDAY. ON THE HUNGARIAN TRADE AGREEMENT, WE'VE BEEN WORKING AWAY ON STAFF CONTACTS IN THE SENATE; MOST PEOPLE WE'VE CONTACTED ARE EITHER NON-COMMITAL OR INDICATE NO PROBLEMS. WE'LL HAVE VEST READY TO BEGIN HIS CONSULTATIONS ON MONDAY. ON ROMANIA, MIKE VAN DUSEN REACTED FAVORABLY TO HAVING HAMILTON AND BINGHAM TESTIFY BEFORE VANIK'S SUBCOMMITTEE, AND WILL TAKE IT UP WITH THEM. THE PACKAGE HAS NOT YET GONE FROM THE WHITE HOUSE TO THE HILL; THE PRESIDENT IS EXPECTED TO ACT ON IT ON JUNE 2. IT MUST BE UP BY JUNE 3. VANCE

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